



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

VIA ELECTRONIC AND FIRST CLASS MAIL

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AUG 27 2019

RE: MURs 6960 & 6991
SW Technologies, LLC

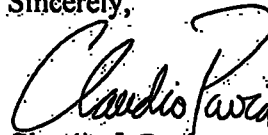
Dear Messrs. Svoboda and Sandstrom:

On August 21, 2019, the Federal Election Commission accepted the signed conciliation agreement submitted on behalf of your client, SW Technologies, LLC, of a violation of 52 U.S.C. § 30111(a)(4) of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). Information derived in connection with any conciliation attempt will not become public without the written consent of the Respondent and the Commission. *See* 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 90 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1597.

Sincerely,


Claudio J. Pavla
Attorney

Enclosure
Conciliation Agreement

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MURs 6960 & 6991

SW Technologies, LLC

CONCILIATION AGREEMENT

These matters were initiated by signed, sworn, and notarized complaints filed by the Republican National Committee ("RNC") and National Republican Congressional Committee ("NRCC"). The Federal Election Commission (the "Commission" or "FEC") found reason to believe that SW Technologies, LLC ("SWT" or "Respondent") violated 52 U.S.C. § 30111(a)(4), the "sale and use" provision of the Federal Election Campaign Act of 1971, as amended by compiling a commercial mailing list with names and addresses obtained from FEC disclosure reports.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this Agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts and relevant law in this matter are as follows:

FACTS

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2 1. During the relevant time period, SWT rented email lists and provided voter,
3 demographic, and other information for political advocacy and constituent communications. The
4 company was formed in 2010 as the successor to Advocacy Inc. R. A. Stone was SWT's
5 president and CEO.

6 2. Between December 2014 and August 2015, SWT rented a commercial mailing list
7 to political customers called the Republican Elite Donors ("RED") List that was generated by
8 narrowing the names in SWT's database (the "voter file") to the approximately 200,000 names
9 comprising the RED List. This was accomplished, in part, by matching the pre-existing names in
10 the voter file to disclosure reports copied from the Commission's website that were filed by the
11 RNC and NRCC and identifying known political contributors. During the relevant period, the
12 RED List generated \$33,611 in rental sales.

13 3. During the summer of 2015, the RNC and NRCC received solicitation packages
14 from various political organizations that had rented the RED List and were addressed to "salted"
15 names placed in their FEC disclosure reports to detect improper use of information contained in
16 those reports. In June 2015, SWT was alerted by the RNC that the RED List appeared to contain
17 FEC data. SWT deleted only those records that had been added as part of a recent update and
18 continued to rent the list to customers. In August 2015, SWT was again alerted that the RED
19 List appeared to contain FEC data, this time by the NRCC, and pulled the RED List from the
20 market.

21 4. The complaints in these matters were later filed, both of which included the salted
22 names at issue. SWT used the salted names to perform a targeted search of its system, which
23 revealed that the raw FEC data files containing RNC and NRCC disclosure reports, which SWT

1 claims were only intended to be matched with SWT's voter file, as described above, had been
2 transmitted to the company responsible for marketing the RED List and handling individual
3 client rental orders. Consequently, the RED List that was sold to customers included prohibited
4 FEC data. SWT determined that 20,000 donor records from the RNC and 20,000 donor records
5 from the NRCC were added to the RED List (40,000 of the approximately 200,000 total names,
6 or 20% of the RED List).

7 5. SWT deleted the raw FEC data files from its system, removed the notations in the
8 voter file showing contribution histories, and discontinued sales of the RED List.

9 LAW

10 6. In relevant part, 52 U.S.C. § 30111(a)(4) provides that the Commission shall
11 make available to the public reports and statements filed with it, "except that any information
12 copied from such reports or statements may not be sold or used by any person for the purpose of
13 soliciting contributions or for commercial purposes, other than using the name and address of
14 any political committee to solicit contributions from such committee." Political committees are
15 permitted to submit 10 pseudonyms or "salted" names on each report "in order to protect against
16 the illegal use of names and addresses of contributors." 52 U.S.C. § 30111(a)(4).

17 7. The statute not only places restrictions on the sale and use of names and addresses
18 obtained from the Commission's database, but also restricts the sale and use of contribution
19 histories, including by matching a pre-existing list of names with FEC disclosure reports for the
20 purpose of identifying known political contributors in order to assist with potentially soliciting
21 those individuals. *See, e.g.,* Advisory Op. 1985-16 (Weiss).

22 8. Respondent contends that it sought to develop and market the RED List in
23 accordance with general industry practices, believing it permissible to use FEC data files to

1 enhance existing lists, without copying or adding names not already on those lists, and that the
2 inclusion of raw FEC data in the RED List occurred by error.

3 V. Respondent violated 52 U.S.C. § 30111(a)(4) by inserting names and addresses
4 from FEC disclosure reports into the RED List, a commercial mailing list, and by matching the
5 pre-existing names in SWT's voter file to FEC disclosure reports in order to identify the known
6 contributors who were later added to the RED List.

7 VI. Respondent will take the following actions:

8 1. SWT will pay a civil penalty to the Commission in the amount of twenty-
9 five thousand dollars (\$25,000) pursuant to 52 U.S.C. § 30109(a)(5)(A).

10 2. SWT will cease and desist from violating 52 U.S.C. § 30111(a)(4).

11 VII. The Commission, on request of anyone filing a complaint under 52 U.S.C.
12 § 30109(a)(1) concerning the matter at issue herein or on its own motion, may review
13 compliance with this Agreement. If the Commission believes that this Agreement or any
14 requirement thereof has been violated, it may institute a civil action for relief in the United States
15 District Court for the District of Columbia.

16 VIII. This Agreement shall become effective as of the date that all parties hereto have
17 executed the same and the Commission has approved the entire Agreement.

18 IX. Respondent shall have no more than 90 days from the date this Agreement
19 becomes effective to comply with and implement the requirements contained in this Agreement
20 and to so notify the Commission.

21 X. This Agreement constitutes the entire agreement between the parties on the matter
22 raised herein, and no other statement, promise, or agreement, either written or oral, made by

1 either party or by agents of either party that is not contained in this written Agreement shall be
2 enforceable.

3 FOR THE COMMISSION:

4 BY: Charles Kitcher
5 Charles Kitcher
6 Acting Associate General Counsel for Enforcement

8/23/2019

Date

7 FOR THE RESPONDENT:

8 Brian G. Svoboda
9 Brian G. Svoboda
10 Attorney for SW Technologies, LLC

5 Aug 2018
Date